

FLA Audit Profile	
Country	Sri Lanka
Name of Factory	530070615F
Independent External Monitoring Organization	T Group Solutions Pvt. Ltd.
Date(s) in Facility	August 6 - 7, 2007
FLA Affiliated Compan(ies)	Adidas-Group AG
Number of Workers	2170
Product(s)	Lingerie
Production Processes	Cutting, Molding, Sewing, Finishing, Packing

adidas-Group March 2011 Comments: In January 2011 adidas-Group terminated this factory for production related issues; last production orders for adidas were completed by factory in September 2010. During our work with this factory, there was insufficient cooperation from factory in addressing some remediation points. Before exiting factory, SEA communicated remediation challenges to FLA as factory is an FLA Participating Supplier. As a result of termination, adidas-Group SEA Team will be unable to verify completion of remediation points.

FLA Code/Benchmark	Compliance Status	[Status]	Description of Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	Updates (Cite Date of Follow Up)		Third-Party Verification		Company Verification Follow Up	
		Completed, Pending, Ongoing		Company Follow Up	Documentation	External Verification (Date)	Documentation	Company Follow Up (Cite Date of Planned or Follow up Visit, if Appropriate)	Documentation
GEN 2: Ensure that all Company factories as well as contractors and suppliers inform their employees about the Workplace Standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Noncompliance		1) adidas has not conducted CODE awareness program in this facility. 2) adidas code is posted only in 1 place in the production hall; it is very small and can hardly be read.						
GEN 3: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the Workplace Standards, with security that they shall not be punished or prejudiced for doing so.	Noncompliance		Contact information for adidas is not available on the code. No other confidential channel of communication has been established by the company.						
F.9 Employment Records	Noncompliance		Factory does not maintain personnel files of outsourced workers for support services, namely security, housekeeping and canteen.						
CL.3 Proof of Age Documentation	Noncompliance		Proof of age documentation is not maintained for outsourced workers (security guards, canteen and housekeeping workers).						
H&S.9 Evacuation Requirements and Procedure	Noncompliance		1) "Keep clear" yellow box markings are not marked in front of a few exits in facility and dormitories. 2) Aisle and evacuation route markings have faded in fabric and trims store. 3) Band knife operators' access to passages has been blocked by provided guards around them, restricting unauthorized trespass into these areas. In case of emergency, guards have to be lifted and pushed back. This would result in obstructed evacuation passages in this area. 4) Hi-beam emergency lights with battery backup are not installed above exits and on staircase landings in dormitories. 5) [Building name] (one of buildings' housing dormitory) does not have a 2nd exit. 6) 2 workers seen working on 1 workstation in sewing section; hence, worker on inner side had no access to passage. 7) Noticed congestion in sewing section with space less than 18" between some workstations.						
H&S.10 Safety Equipment and First Aid Training	Noncompliance		1) Eye wash cup and lotion missing from first aid kits in facility, antiseptic cream/lotion missing from first aid kits in dormitories. 2) Record of minor injuries not maintained at locations where first aid kits are provided. 3) List of employees trained in first aid, with photographs, not posted at first aid locations in molding section. 4) Approach to 1 fire extinguisher and adjacent exit blocked with trolley containing garments in cut-panel numbering and bundling section.						
H&S.11 Personal Protective Equipment	Noncompliance		1) Overlock operators not using respiratory masks. Few workers not using eye shields provided on these machines. 2) Noise level recorded near automatic cutting machine was 88 db. Workers in this area not using ear protection. 3) Moulding machine heated between 180 - 300°C. Operators on moulding machine not provided protective gloves to prevent burn injuries while handling heated moulds.						
H&S.13 Chemical Management and Training	Noncompliance		Drums containing highly inflammable chemicals "ISOPAR-E" are stored along with waste material and empty cartons in a storage area, next to gate #3.						
H&S.17 Ventilation/Electrical/Facility Installation and Maintenance	Noncompliance		1) Lighting inadequate in molding section and at needlepoint on few sewing machines ranging from 375 - 415 lux. 2) Approach to one electrical switch in main production area blocked with stabilizers. 3) Excessive lint accumulation noticed on electrical installations (on motors attached to sewing machines and overlock machines) on main production floor. 4) Electrical wires connecting few sewing, overlock and buttoning machines with mains lying loose close to operators' feet.						

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H&S.18 Machinery Maintenance and Worker Training	Noncompliance		1) While pedal mats and needle guards missing from some sewing machines, few needle guards installed were tampered with, rendering them ineffective. 2) Most tag guns not marked with name of employee authorized to use gun. Though few tag guns were marked, it was noticed that workers were not using tag guns assigned to them, but using tag guns with another worker's name on them.						
H&S.20 Bodily Strain	Noncompliance		Most workers with standing jobs were seen working barefoot.						
H&S.26 Drinking Water	Noncompliance		1) Only 1 ceramic cup used for drinking water, made available for employees working in main production area. 2) Noticed excessive water spillage on floor near drinking water station located in main production area.						
HOW.1 General Compliance Hours of Work	Noncompliance		As a practice, factory's regular hours of work are 9 hours a day, 5 days a week. However, BOI standards do not permit work over 8 hours as regular working hours.						
HOW.12 Extraordinary Business Circumstance/Overtime Explanation	Noncompliance		During the past 3 months, factory has worked over 60 hours a week with more excessive overtime in June 2007. Overtime due to meeting deadlines for the special launch of a customers' product.						
Other	Noncompliance		1) Molding and cutting sections work 12 hour shifts. During past 3 months, workers from these sections have worked up to 87 hours a week. 2) Canteen workers work on 12 hour shifts. 3) Time record review for June 2007 revealed some workers had worked up to 31 hours in 1 shift. E.g., workers started work at 7:28am one day and left work at 2:30pm the next day.						
WBOT.1 General Compliance Wages, Benefits and Overtime Compensation	Noncompliance		As per BOI standards, any work done beyond 8 hours a day must be compensated at overtime premium rate. Factory does not comply with this regulation, they have a practice of working 9 hours a day as regular working hours.						
WBOT.2 Minimum Wage	Uncorroborated noncompliance		Wage records not maintained in facility for outsourced workers. Hence, cannot confirm whether appropriate minimum wages and overtime compensation are paid to these workers or not.						
WBOT.4 Timely Payment of Wages	Uncorroborated noncompliance		Date of payment for Outsourced Security Guards based on rank. E.g., Officer in charge paid 10th day of every month. Guards paid 17th day of every month.						
WBOT.5 Holidays, Leave, Legal Benefits and Bonuses	Uncorroborated noncompliance		Wage records not maintained in facility for outsourced workers. Hence, cannot confirm if legal benefits are extended to outsourced workers or not.						
WBOT.7 Payment for All Hours Worked	Noncompliance		1) Molding and cutting sections work 12 hour shifts. However, are compensated only for 2 extra hours of work done beyond 8 regular hours. Management stated that within the 12 hours, they get a break for 1 hour 15 minutes. Hence, workers not paid for remaining 45 minutes of additional time worked. 2) Time record review reveals that housekeeping workers work on a 6am to 5:30pm shift (10.5 hours everyday, excluding 1 hour of break). On few occasions they have worked whole night till 7 am next morning, and at times have worked up till 7:30 pm. Similarly, Canteen workers and Security guards work on 12 hour shifts. In absence of wage records, cannot confirm if these workers have been compensated appropriately.						
WBOT.13 Deposit of Legally Mandated Deductions	Noncompliance		Employer's contribution towards Employees Provident Fund and Employees Trust Fund is being calculated on basic wage and not the total earnings. This does not comply with BOI guidelines.						
WBOT.21 Record Maintenance	Noncompliance		Wage records are not maintained in the facility for outsourced workers. Date of payment is not mentioned on wage records.						
Other			Date of payment is not mentioned on wage records						